

2013 DRAFTING REQUEST

Assembly Amendment (AA-AB40)

Received: 6/4/2013 Received By: tdodge
Wanted: As time permits Same as LRB:
For: Legislative Fiscal Bureau By/Representing: Peck
May Contact: Drafter: tdodge
Subject: Medical Assistance Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email:
Carbon copy (CC) to: pam.kahler@legis.wisconsin.gov
tamara.dodge@legis.wisconsin.gov

Pre Topic:

LFB:.....Peck, Motion 584-11 -

Topic:

Specify allocation of one-time disproportionate share hospital payments

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	tdodge 6/6/2013			_____			
/1	tdodge 6/7/2013	jdyer 6/6/2013	rschluet 6/6/2013	_____	srose 6/6/2013		
/2		scalvin 6/7/2013	jmurphy 6/7/2013	_____	sbasford 6/7/2013		

FE Sent For:

<END>

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/1		jdye 6/6/2013	rschluet 6/6/2013		srose 6/6/2013		
FE Sent For:	1/2 sac 06/07/2013	jm 6/7	self				

<END>

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/?	tdodge	<i>6/6 jkd</i>	<i>6/6 jm</i>	==			

FE Sent For:

<END>

11. *Disproportionate Share Hospital Payments.* Increase MA benefits funding by \$36,792,000 (\$15,000,000 GPR and \$21,792,000 FED) in 2013-14 and \$36,728,700 (\$15,000,000 GPR and \$21,728,700 FED) in 2014-15 to fund disproportionate share hospital (DSH) payments. Provide this funding as one-time funding in the 2013-15 biennium. In session law provisions, require DHS to distribute the DSH funding as follows.

First, specify that a hospital may qualify for a DSH payment if it meets the following criteria: (a) it is located in Wisconsin; (b) it provides a wide array of services, including an emergency department; (c) it had MA inpatient days of at least 6% of total inpatient days during the most recent year for which such information is available; and (d) it meets all applicable minimum requirements under federal law relating to eligibility for DSH payments.

Second, require DHS to distribute the DSH funding as follows: (a) distribute the total amount of DSH funding through an MA inpatient fee-for-service base rate add-on that would be adjusted by a "slope factor" of 0.75 that increases a hospital's overall fee-for-service add-on percentage as the hospital's percentage of MA inpatient days increases; (b) specify that the base rate add-on percentage shall be established at a level that ensures that the total amount of available DSH funding is distributed annually; and (c) limit the maximum DSH payment so that no individual hospital could receive more than \$2,500,000 (all funds) annually.

Require DHS to seek the necessary federal approval for the DSH payment methodology described above, and to implement the methodology if such approval is received. In addition, in the event DHS negotiates a DSH payment methodology that differs from that described above, require DHS to submit the terms of that methodology to the Joint Committee on Finance for approval under a 14-day passive review process before DHS can implement that payment methodology.

12. *Income Maintenance -- Allocations to Income Maintenance Consortia.* Delete item 8 that was adopted in Motion 360, which would have: (a) modified the method the DHS uses to allocate base funding to income maintenance consortia by specifying that, beginning in calendar year 2014, each consortium would receive an allocation of "base funding" that is no less than 75% of the total GPR allocations counties in the consortium received in calendar year 2011; (b) Defined "base funding" as the GPR funding DHS distributed to the income maintenance consortia in calendar year 2012, so that any additional funding provided for the consortia's income maintenance activities that exceeds the base funding amount would be distributed to the consortia based on each consortium's caseload; and (c) increased funding DHS allocates to consortia by \$139,200 GPR and \$139,200 FED in 2013-14 and by \$278,500 GPR and \$278,500 FED in 2014-15 to reflect the estimated cost of this partial hold harmless provision, based on the calendar 2013 allocations to the IM consortia.

Repeal a current law provisions that require DHS to allocate funding to multi-county consortium on a risk-adjusted caseload basis. Instead, require DHS to allocate funding to income maintenance consortia using a method determined by the Department that includes caseload and acuity factors.

13. *Sheboygan Tuberculosis Response Funding.* Provide, on a one-time basis, \$3,271,800 (\$2,508,900 GPR and \$762,900 FED) in 2013-14 and \$2,791,600 (\$2,159,000 GPR and \$632,600



State of Wisconsin
2013 - 2014 LEGISLATURE



LRBb0307/1

TJD:...

In: 6/6/13

LFB:.....Peck, Motion 584-11 - Specify allocation of one-time disproportionate share hospital payments

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT,
TO ASSEMBLY BILL 40

1 At the locations indicated, amend the bill as follows:

2 1. Page 1020, line 15: after that line insert:

3 ^C“(4) DISPROPORTIONATE SHARE HOSPITAL PAYMENTS. (a) Subject to paragraph (c)
4 and notwithstanding section 49.45 (3) (e) of the statutes, from the appropriation
5 accounts in section 20.435 (4) (b) and (o) of the statutes, the department of health
6 services shall pay to hospitals that serve a disproportionate share of low income
7 patients a total of \$36,792,000 in fiscal year 2013-14 and \$36,728,700 in fiscal year
8 2014-15. The department of health services may make a payment to a hospital
9 under this subsection under the calculation method described in paragraph (b) if the
10 hospital meets all of the following criteria:

11 1. The hospital is located in this state.

1 2. The hospital provides a wide array of services, including services provided
2 through an emergency department.✓

3 3. The inpatient days for Medical Assistance✓ recipients at the hospital was at
4 least 6 percent✓ of the total inpatient days at that hospital during the most recent year
5 for which such information is available.

6 4. The hospital meets applicable, minimum requirements to be a
7 disproportionate share hospital under 42 USC 1396r-4 and any other applicable
8 federal law.✓

9 (b) The department of health services✓ shall comply with all of the following
10 when making payments to hospitals described in✓ paragraph (a):

11 1. The department of health services shall distribute the total amount of
12 moneys described under paragraph (a)✓ to be paid to hospitals with a disproportionate
13 share of lower income patients by doing all of the following:✓

14 a. Dividing the number of Medical Assistance✓ recipient inpatient days at a
15 hospital by the number of total inpatient days at the hospital to obtain the
16 percentage of Medical Assistance✓ recipient inpatient days at that hospital.

17 b. Subject to subdivision 2., setting an addition to the Medical Assistance
18 inpatient, fee-for-service✓ base rate such that the difference between any (two)
19 hospital's percentages of Medical Assistance✓ recipient inpatient days divided by the
20 difference between the additional base rates for those two hospitals equals 0.75.

21 c. Adjusting each hospital's Medical Assistance inpatient fee-for-service base
22 rate by the additional rate calculate✓ under subdivision 1. b.✓

23 2. The department of health services✓ shall set the addition to the base rate at
24 a level that ensure✓ the total amount of moneys available to pay hospitals with a
25 disproportionate share of low income patients in each fiscal year.✓

1 3. The department of health services[✓] shall limit the maximum payment to a
2 hospital with a disproportionate share of low[⊖] income patients such that no single
3 hospital receives more than \$2,500,000[✓] from all sources in a fiscal year.

4 (c) The department of health services[✓] shall seek any necessary approval from
5 the federal department of health and human services[✓] to implement the hospital
6 payment methodology described under paragraphs[✓] (a) and (b).[✓] If approval is
7 necessary and approval from the federal department of health and human services
8 is received[✓], the department of health services[✓] shall implement the payment
9 methodology described under paragraphs (a) and (b).[✓] If approval is necessary and
10 the[✓] department of health services and the federal department of health and human
11 services negotiate a methodology for making payments to hospitals with a
12 disproportionate share of low[⊖] income patients that is different from the methodology
13 described under paragraphs (a) and (b),[✓] the department of health services, before
14 implementing the negotiated payment methodology, shall submit to the joint
15 committee on finance the negotiated payment methodology.[✓] If the cochairpersons of
16 the committee do not notify the department of health services[✓] within 14 working
17 days after the date of the submittal by the department of health services that the
18 committee has schedule^d a meeting for the purpose of reviewing the negotiated
19 payment methodology, the department of health services may implement the
20 negotiated payment methodology.[✓] If, within 14[✓] working days after the date of the
21 submittal by the department of health services,[✓] the cochairpersons of the committee
22 notify the department of health services that the committee has scheduled a meeting
23 for the purpose of reviewing the negotiated payment methodology, the negotiated
24 payment methodology may be implemented only on approval of the committee.”.[✓]

25 (END)

Dodge, Tamara

From: Peck, Eric
Sent: Friday, June 07, 2013 10:49 AM
To: Dodge, Tamara
Cc: Morgan, Charlie
Subject: FW: LRB Draft: 13b0307/1 Specify allocation of one-time disproportionate share hospital payments

Hi Tami: With the flurry of drafts and emails, I thought it 'd be good to take stock of where things stand (at least with my items), lest I lose track. Almost all the drafts you've provided look good as is. There are three exceptions that I am aware of:

1: LRB 136: I believe I forwarded to you some relatively minor suggestions from DHS.

2: LRB 137: I believe I forwarded to you some more substantive suggestions from DHS.

3: LRB 307: This draft relates to the new DSH payments to hospitals. I appreciate the work you did on the first draft. The language in the motion was not perfect.

After reviewing the original JFC motion again, and after having reviewed the draft and discussed it with the Hospital Association at some length, I would recommend a few simple changes:

On page 2: I would suggest replacing the current (b)1.b. and (b)1.c with the following language:

"1.b. Subject to subdivisions 2. and 3., provide an increase to the inpatient fee-for-service base rate for each hospital that qualifies for a disproportionate share hospital payment under this section."

"1.c. Subject to subdivisions 2. and 3., provide an additional increase to the increase under subdivision 1.b. using a slope factor of .75, such that a hospital's overall fee-for-service add-on percentage under this section increases as the hospital's percentage of MA inpatient hospital days increases."

I think the current (b)2. is fine.

On page 3, I would suggest amending the current (b)3. To read as follows:

"3. The department of health services shall limit the maximum payments to hospitals such that no single hospital receives more than \$2,500,000 in disproportionate share hospital payments under this section in a fiscal year."

Thanks for making these changes to the draft. If you'd like to discuss, please give me a call and we can walk through them. Eric

From: Schlueter, Ron
Sent: Thursday, June 06, 2013 1:20 PM
To: Peck, Eric
Cc: Morgan, Charlie; Hanaman, Cathlene; Holten, Vicki
Subject: LRB Draft: 13b0307/1 Specify allocation of one-time disproportionate share hospital payments

Following is the PDF version of draft 13b0307/1.



13b0307_1.pdf



State of Wisconsin
2013 - 2014 LEGISLATURE



LRBb0307/1
TJD:jld:rs
RMR

In: 6/7/13

LFB:.....Peck, Motion 584-11 - Specify allocation of one-time disproportionate share hospital payments

**FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 40**

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 1020, line 15: after that line insert:

3 “(4c) DISPROPORTIONATE SHARE HOSPITAL PAYMENTS.

4 (a) Subject to paragraph (c) and notwithstanding section 49.45 (3) (e) of the
5 statutes, from the appropriation accounts in section 20.435 (4) (b) and (o) of the
6 statutes, the department of health services shall pay to hospitals that serve a
7 disproportionate share of low-income patients a total of \$36,792,000 in fiscal year
8 2013-14 and \$36,728,700 in fiscal year 2014-15. The department of health services
9 may make a payment to a hospital under this subsection under the calculation
10 method described in paragraph (b) if the hospital meets all of the following criteria:

11 1. The hospital is located in this state.

1 2. The hospital provides a wide array of services, including services provided
2 through an emergency department.

3 3. The inpatient days for Medical Assistance recipients at the hospital was at
4 least 6 percent of the total inpatient days at that hospital during the most recent year
5 for which such information is available.

6 4. The hospital meets applicable, minimum requirements to be a
7 disproportionate share hospital under 42 USC 1396r-4 and any other applicable
8 federal law.

9 (b) The department of health services shall comply with all of the following
10 when making payments to hospitals described in paragraph (a):

11 1. The department of health services shall distribute the total amount of
12 moneys described under paragraph (a) to be paid to hospitals with a disproportionate
13 share of low-income patients by doing all of the following:

14 a. Dividing the number of Medical Assistance recipient inpatient days at a
15 hospital by the number of total inpatient days at the hospital to obtain the
16 percentage of Medical Assistance recipient inpatient days at that hospital.

17 b. Subject to subdivision 2., setting an addition to the Medical Assistance
18 inpatient fee-for-service base rate such that the difference between any 2 hospitals'
19 percentages of Medical Assistance recipient inpatient days divided by the difference
20 between the additional base rates for those 2 hospitals equals 0.75.

21 c. Adjusting each hospital's Medical Assistance inpatient fee-for-service base
22 rate by the additional rate calculated under subdivision 1. b.

23 2. The department of health services shall set the addition to the base rate at
24 a level that ensures the total amount of moneys available to pay hospitals with a
25 disproportionate share of low-income patients in each fiscal year. *is distributed*

*in disproportionate share hospital
payments under this subsection*

1 3. The department of health services shall limit the maximum payment to a
2 hospital with a disproportionate share of low-income patients such that no single
3 hospital receives more than \$2,500,000 from all sources in a fiscal year.

4 (c) The department of health services shall seek any necessary approval from
5 the federal department of health and human services to implement the hospital
6 payment methodology described under paragraphs (a) and (b). If approval is
7 necessary and approval from the federal department of health and human services
8 is received, the department of health services shall implement the payment
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13 methodology described under paragraphs (a) and (b), the department of health
14 services, before implementing the negotiated payment methodology, shall submit to
15 the joint committee on finance the negotiated payment methodology. If the
16 cochairpersons of the committee do not notify the department of health services
17 within 14 working days after the date of the submittal by the department of health
18 services that the committee has scheduled a meeting for the purpose of reviewing the
19 negotiated payment methodology, the department of health services may implement
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24 payment methodology may be implemented only on approval of the committee.”.

25 (END)

**2013–2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb0307/2ins
TJD:.....

1 **INSERT 2–17**

2 b. Subject to subdivisions 2. and 3., providing an increase to the inpatient
3 fee–for–service base rate for each hospital that qualifies for a disproportionate share
4 hospital payment under this subsection.

5 c. Subject to subdivisions 2. and 3., providing an additional increase to the
6 increase under subdivision 1. b. using a slope factor of 0.75 such that a hospital's
7 overall fee–for–service add–on percentage under this subsection increases as the
8 hospital's percentage of Medical Assistance recipient inpatient days increases.

(END INSERT 2–17)



State of Wisconsin
2013 - 2014 LEGISLATURE



LRBb0307/2
TJD:jld:jm

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5 hospitals such that no single hospital receives more than \$2,500,000 in
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(END)